

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113
Sacramento, CA

Minutes of Meeting
August 28, 2008

COMMISSIONERS PRESENT

Cathie Bennett Warner, Chair
Michele Burton, M.P.H.
Wilma Chan
Vicki Marti

COMMISSIONERS ABSENT

Marvin Kropke
Nancy McFadden

EX-OFFICIO MEMBERS PRESENT

Cathy Halverson, Department of Health Care Services
Yang Lee, Department of Finance

EX-OFFICIO MEMBERS ABSENT**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director
Tacia Carroll
Paul Cerles
Nathan Davis
Holland Golec
Katie Knudson
Jenny Morgan
Becky Swol
Mike Tagupa
Mervin Tamai
Karen Thalhammer

I. Call to Order

The August 28, 2008 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The August 14, 2008 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Keith Berger, Executive Director, began his report by reminding the Commissioners that at the last meeting, he reported that the Department of Health Care Services (DHCS) had determined that there would be no baseline deficiencies in year three of the demonstration waiver. This allows CMAC to move forward with the 2008-09 first component of the Distressed Hospital Fund.

Mr. Berger informed the Commissioners that CMAC staff is preparing to electronically transmit a letter notifying all Selective Provider Contracting Program (SPCP) hospitals that Round 4 negotiations for distributions from the Distressed Hospital Fund (Fund) are commencing. The letter will be sent early next week, if not before, and includes language clearly stating that any final recommendations for distributions from the Fund are contingent upon approval of the State budget. He said that proposals from the hospitals will be due in early October. The letter, schedule, and required forms will also be available on CMAC's website once they are sent out to the hospitals.

Mr. Berger noted that the letter to the hospitals includes a statement notifying them that at CMAC's September 25, 2008 meeting, the Commissioners will again be accepting public comment on the focus and process of the Distressed program. He stated that hospitals are invited to submit written comments in addition to or instead of appearing at the meeting. CMAC has also notified the hospital associations of its intent to initiate this year's Distressed process and of CMAC's request for written input and/or public comment at that same meeting.

Mr. Berger reported that there is still no State budget. As with Distressed, CMAC is not making recommendations to the Commissioners for Round 4A of the Private Hospital Supplemental Fund until a State budget is approved. He said that this will push back the target date in CMAC's schedule for acting on the Round 4A amendments until at least the second meeting in September. CMAC staff will continue to monitor the budget's progress and will move as quickly as they can once it's effective.

Regarding Medi-Cal rate cuts, Mr. Berger explained that the federal court took action recently on the provider lawsuit seeking to roll back the 10 percent cut in Medi-Cal fees that became effective on July 1, 2008. However, in terms of CMAC's programs, the federal court's action granting a preliminary injunction against the State's implementation of the 10 percent reduction does not apply to rates for non-contract hospitals. He said those payments will continue to be reduced by 10 percent.

Mr. Berger noted that there are six contracts and amendments before the Commissioners for review and action in today's closed session as well as several updates and an extended discussion regarding current hospital negotiations.

IV. Department of Health Care Services (DHCS) Report

Cathy Halverson, DHCS, informed CMAC that DHCS is currently working to implement trailer bill language reducing payments to non-Selective Provider Contracting Program (SPCP) hospitals, and preparing to make system changes, while attempting to determine the appropriate regional average rates. Implementation of this language is expected for October 1, 2008, but complications are expected due to the current budget situation.

Ms. Halverson reported that DHCS as well as CMAC have met with at least one concerned hospital system that has some hospitals affected by the new language. She said the hospital representatives were told that the intent of the language was to revitalize the SPCP, and to encourage hospitals to negotiate more appropriate rates with CMAC. This would result in more hospitals participating in the program and ultimately provide better access to Medi-Cal beneficiaries.

V. New Business/Public Comments/Adjournment

There being no new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.